

STATEMENT BEFORE THE  
SENATE COMMITTEE ON INDIAN AFFAIRS

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BY

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Mr. Chairman and members of the Committee, on behalf of Secretary Cuomo, I thank you for the opportunity to share and discuss several important issues relating to our Department's efforts in addressing the needs of Native Americans.

Mr. Chairman, I am pleased to report that HUD is continuing to make a real and positive difference by supporting our nation's Indian Programs. The Secretary's priorities focus on the issues and problems faced by Native Americans throughout Indian Country. I am especially proud that HUD's efforts are part of the President's larger, government-wide initiative to assist Native Americans which totals \$9.4 billion.

Many favorable changes have taken place as a result of the implementation of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). This important legislation provides for an unprecedented level of flexibility for tribes, making it possible for us to help Native Americans to help themselves. Adding to this good news, I am proud to say that HUD is proposing the best budget ever for HUD's Native Americans.

HUD'S FY 2001 BUDGET REQUEST

As I said, HUD's budget request for Fiscal Year 2001 is the best budget for Indian programs ever. This budget demonstrates our commitment to Native Americans and the various programs HUD supports for meeting their needs. It fulfills our commitment to Congress, by strengthening those programs which we – over many years – have worked together to reform and strengthen. We worked hard to be responsive to those concerns you have shared with us and we are committed to making these programs work well.

Let me summarize the highlights of this year's request:

The budget President Clinton has proposed for HUD for Fiscal Year 2001 increases funding for the Department's Indian programs to \$730 million - an increase of \$37 million from the Fiscal Year 2000 budget. This budget request increases funding for existing programs and for new, innovative initiatives that will provide important opportunities for Indian tribes.

For example, HUD is requesting increased funding for the Indian Housing Block Grant of \$30 million, raising it to \$650 million. This includes a \$6 million set-aside for training and technical assistance, as well as a \$5 million set-aside for the Title, VI Loan Guarantee program. This would provide \$43.3 million in available loan guarantee authority for tribes. The budget also proposes to permit, through the Indian Housing Block Grant program, tribes or tribally-designated housing entities to provide housing and housing assistance for qualified law enforcement officers.

The budget provides for \$69 million for the Indian Community Development Block Grant (ICDBG). The budget also expands language within the Native American set-aside of the Community Development Block Grant to allow for stand-alone economic development planning grants.

The budget also calls for \$6 million for the Section 184 Loan Guarantee program, which would support mortgage loans totaling \$71.9 million.

These current authorities, however, are not enough to support Native American communities. HUD and tribes must partner together to address changes in Indian country and in the marketplace and make sure that we are in step, together, with these changes.

Therefore, HUD is proposing within its Fiscal Year 2001 budget, to expand these existing authorities to include the following new initiatives:

- \$5 million in funding for Indian Homeownership Intermediaries set-aside from the Indian Housing Block Grant program.
- \$2 million to create an economic development access center from within the ICDBG program; and
- \$5 million for a grant program to provide financial support for tribal colleges and universities.

Funding for then initiatives will help Indian Country to increase current homeownership opportunities, provide more job opportunities, and create better places for Native Americans to live and work.

The Homeownership Intermediaries is an idea born out of President Clinton's One-Stop Mortgage Initiative. It will help tribes create One-Stop Mortgage Centers modeled after those on the Navajo and Pine Ridge Reservations. These Centers will provide pre- and post-purchase homebuyer counseling, and education on budgeting and credit issues. Staff will act as a liaison between tribal members and financial institutions to facilitate the loan process and address cultural issues. The Centers may be eligible for other grants which could help support down payment and closing cost assistance.

The economic development access center will, for the first time, link over twelve agencies through a single toll-free number so that Native American callers, lending institutions, non-profits, foundations, and private businesses can receive access to information about federal programs for economic development. The purpose of the access center will be to answer questions in a problem-solving manner rather than requiring callers to be familiar with specific programs. The access center will also have a website.

HUD has supported Black and Hispanic Colleges in the past and these same opportunities are being brought to Indian Country. This funding would assist Tribal Colleges and Universities to address neighborhood revitalization, housing and community development needs within their community.

The Department's Fiscal Year 2001 budget is a tremendous opportunity for the partnership between HUD and Indian tribes to grow and take advantage of new initiatives. The time is right for these new initiatives that address changes in the marketplace. This proposal will help to expand on the successes that tribes have witnessed thus far with the implementation of NAHASDA.

## **SUCCESSFULLY IMPLEMENTING NAHASDA**

NAHASDA is landmark legislation, for it affirms, respects, and supports the principle of government to government relations with Indian tribes, and I am proud that this Department plays such a critical role in redefining our federal government's role in supporting tribal needs. In fact, HUD's role has been fundamentally changed by NAHASDA. In the past, our role was that of a provider of governmental services and while our services met many critical needs, resources were limited and many other needs remained unmet.

Today, under NAHASDA's model, we are a partner, facilitator, and capacity builder. We still provide critical services, but even more important, we are leveraging resources, facilitating key partnerships, and helping tribes to develop the strength they need to achieve the goals of their people. Today, more than ever in our nation's history, we are listening to what tribes are telling us they need and helping them to achieve their vision.

Last year, I reported to you the progress that tribes were making implementing the first step under NAHASDA – submitting their Indian Housing Plans. Since then, the tribes have begun carrying out their housing plans using Fiscal Year 1999 and 1999 NAHASDA funds.

As you know, NAHASDA regulations require that tribes obligate 90 percent of their funds under the Act in two years. For most grant recipients, the end of the current Fiscal Year will mark the two year period for the 1998 funds. The degree to which tribes spend their funds – while only one measure – can provide insight as to how tribes have been able to adjust to the flexibility of the new program and initiate appropriate and unique ways to leverage funds to carry out their individual housing plans. Many of the tribes which are receiving smaller allocations have decided to continue providing assistance as they had under the 1937 Act (i.e. new development and rehabilitation of existing units), and the smallest tribes may have a need to combine several years' worth of funds in order to construct housing. However, most tribes have expanded the affordable housing activities to include down payment and other mortgage assistance, revolving loans, transitional housing, emergency shelters, spousal abuse shelters, and elderly congregate housing facilities. NAHASDA has been used in many cases to leverage funds for affordable housing. Overall, I am pleased that tribes have been making progress towards meeting their 90 percent target.

In addition to monitoring the progress that tribes are making toward attainment of the two year 90 percent target, it is important that we analyze other measures to more fully understand how tribes are utilizing the NAHASDA program to meet their housing needs. My staff have initiated interviews with various tribes of all sizes, and we have commenced an analysis of tribes' Annual Performance Reports which detail the use of the NAHASDA funds. By the end of the Fiscal Year, we will have a more complete understanding of these issues based on detailed reports from all tribes outlining their successes under the program. We will then be able to concentrate our technical assistance efforts to assist tribes and further strengthen the program.

## **FILLING THE GAPS**

The lesson of the 20<sup>th</sup> Century is that the key to successful, healthy, and prosperous communities is the development of sustainable, comprehensive community support systems. That is now our focus – filling the gaps so that we can extend our reach. This is a priority for HUD in the 21<sup>st</sup> Century.

Mr. Chairman, HUD has been a leader in focusing national attention on the gap in lending and financing in Indian Country, and has been instrumental in promoting the involvement of private sector lenders to streamline business and lending processes on Indian reservations. One innovative product of that

partnership is reflected in our budgetary request for \$5 million to assist tribes in becoming a local intermediary by creating a "One Stop Mortgage Center."

An early example of the potential of such Centers is the planning and development of a 250-unit single family housing project called Apache Dawn. This project is being developed by the White Mountain Apache Tribe on their reservation in Arizona. For the first time in history, funding for an Indian housing project will be a blend of tribally issued tax exempt bonds, Section 194 guaranteed loans, and NAHASDA grant funds. This project exemplifies the innovative and entrepreneurial thinking that can be launched from a One Stop Mortgage Center. Apache Dawn involves a blend of private and public business interests that are critical to increased financial and business development in Indian country.

One of the many benefits of initiatives like the One Stop Mortgage Center is that it requires federal agencies to work more closely together than ever before. For example, working together with the BIA, the Department of Treasury, and the Veterans Administration, HUD has negotiated and created a single lease for handling reservation land leases. Before this, each agency utilized a different lease form. Through a lot of hard work, we are doing the right things to make this and other processes easier and better.

Additionally, HUD will continue to fill the gaps that prevent families from obtaining home mortgages through the aggressive use of homeownership counseling so we can build the credit worthiness of Native American home purchasers. Such initiatives help them to qualify for mortgages which an increasing number of lenders are willing to consider in Indian Country so that they can participate in the streamlined mortgage lending processes established by the One Stop Mortgage Centers and our pilot initiatives with the Navajo and Oglala Lakota Sioux tribes.

Finally, HUD continues to fill the gaps by providing well-planned and coordinated technical assistance to help tribes develop strong organizations and build capacity. Through NAHASDA's flexible funding, tribes can provide a wide variety of housing services to tribal members.

## **ONAP'S ECONOMIC DEVELOPMENT INITIATIVES**

Finally, Mr. Chairman, I am proud of HUD's focus to spur economic development in Indian Country. We recognize that without jobs created by economic development initiatives, tribal members cannot obtain mortgages and attain the American dream of homeownership.

ONAP endeavors to promote, nurture, and sustain business entrepreneurship in Native American communities, both for the individual tribal members and interested outside parties that also wish to facilitate increased economic opportunities. Helping to build better communities by encouraging the development of jobs is a step we can take to support the self-determination efforts in Indian country. That is why HUD is spearheading a variety of innovative economic development initiatives, including exploring the development of an information resource center staffed by a highly skilled team to respond to the economic development needs on reservations. This center will field phone calls, Internet inquiries, and web-searches by those interested in doing business in Indian Country. I am certain that this one-stop center will function as a facilitator of partnerships and information sharing that will serve as a model for those wishing to do economic development elsewhere, even beyond Indian Country.

## **CONCLUSION**

Mr. Chairman, again I thank you for allowing me to share with you some of our priorities at HUD for transforming the lives of Indians in America. We have a good story to tell and I am proud to have had the opportunity to share it with you today.

This concludes my prepared testimony. I would be pleased to answer any questions that you or other members of the Committee may have.

Thank you.